

2018/19 NATIONAL BUDGET

BY Hon. Benson P. Kaapala, MP

Firstly I would like to applaud the Minister of Finance (Calle Schlettwein) and his team for a budget that His Excellence President Hage Geingob in his Independence speech claims is a budget which implements the biggest expenditure cuts since independence.

Last year in my contribution on the budget debate I said, quote “Namibia as a small and open economy is exposed and vulnerable to global changes that affect its export earnings what the Minister called external headwinds therefore it is necessary to look at ways of addressing revenue issues in the long run and not merely from one Fiscal year to another.” Unquote.

As we debate the National budget **on the backdrop of Namibia’s 28th Independence celebrations**, there are few points I would like to contribute.

1. The first point is Budget Access. Hosea chapter 4 verse 6 says “My people are destroyed or die because of lack knowledge.” Though we sit and discuss the budget in this

August House and various institutions in the business sector organize budget reviews etcetera the **question is** how many of the ordinary citizens and especially the poor have access to the budget? Access to the National Budget does not only mean being able to read it but being able **to understand its contents and benefit** from its implementation.

Our people need to understand what the National Budget is and its importance. Knowledge of the **Budget as a plan for expenses** allows Namibians to hold Government accountable and to protest when necessary when Government spends resources on items that are not planned for or budgeted for. **Our people are dying because of lack of knowledge** and the Ministry of Finance needs to do more so that the budget is accessible to the electorate. The Guide to the Namibian Budget written by Robin Sherbourne is one such tool that the Ministry can use to propagate the understanding of the National Budget.

The **Budget receives a lot of attention at the beginning of the fiscal year** and also during the mid-term review **but there is little monitoring and evaluation** of the actual

implementation during the year. With budget knowledge, the **electorate can hold Government accountable** for massive spending that does not achieve key Government objectives **such as** the recent purchase of the **Oropoko Lodge by the Ministry of Defence despite budget constraints that led to soldiers being sent home.** Or the **Genocide fees** for British Lawyer and other unplanned expenditures that **no one seems to know how much was spent.**

2. Secondly, His Excellency President **Geingob** echoed the **sentiments I raised** in this August House during the last Budget debate. His Excellency in his Independence address **stated that our small and medium enterprises or SMEs need to diversify their business portfolio** because many of **our SMEs are not entrepreneurs but tenderpreneurs.** They survive from one Government tender to another and as a result, **about sixty thousand (60 000)** people according to the latest Equity Commission report have **lost their jobs** due to the “head winds” faced by our Economy.

Government has struggled to honour payments and as a result, people have lost work and livelihoods. We cannot

expert SMEs to diversify **if we do not create better access to funds** and not only place our people at the mercy of sharks called banks. A growing trend is that capital **funding is limited to those who have funds already** or those who have collateral, **it is limited to those who are politically connected** to the ruling party and we can debate as much as we want about SMEs diversifying but without start-up capital, these will remain merely talks.

Kaleb Sioni Shafishuna **designed an electricity transformer** that produces about 700 kilowatt of electricity **but there seems to be no funding to invest in innovation** and real entrepreneurship like this young man but only funding for tenderpreneurs who add little value to the GDP and only add value to their individual pockets.

The **SME Bank was a good initiative** but **sadly due to looting and stealing** by those entrusted to manage it, **it has failed** and is on the verge of liquidation.

3. This increasing corruption, nepotism and partisan leads me to my third point. As we debate this Budget I would like to **remind the House that the National Budget is not for individuals or for a political party or for a privileged**

few. This country's resources be it natural, human or monetary resources **are not for a few individuals and groups and the ruling party but for the entire country.** The ruling party is only the elected **custodian to safeguard and distribute resources** to every Namibian citizen according to their need. **Yet, the State seems to be serving the ruling party and not the party serving the State.** We need to **put aside the word corruption** because it has lost its meaning in Namibia. **To be successful in Namibia, one needs to be corrupt** and a member of the ruling elite, people are saying it is our time to eat because we have this tribe or that person in office. This should not be the case, **people should not use a party or an office to advance their selfish and unpatriotic ambitions** using our people's money or this country's resources. If you look at the Budget Highlights 95% of Government revenue is from tax with almost 50% from income tax or the people's money. **Corruption** or plainly put, **stealing and looting by individuals and groups is draining the country of revenue, resources and blocking a path to self-fulfilment and prosperity for the ordinary citizen.**

4. The fourth point is the issue of decentralization. I have raised this issue before, that the Ministry of Urban and Rural Development is **wrongly framed and does not have meaning** in line with the Regional and Local Government. This Ministry receives N\$ 2.2 billion from the budget allocation. The Hon. Minister of Finance in his budget speech says emphasis is shifted to provision of services such as sanitation, serviced urban land and so forth. On the 21st of February 2018, the **New Era reported that 80% of the budget received** from Central Government **for the Kunene Region was returned due to infighting**, money that was aimed at providing the said provision of services such as sanitation, serviced urban land and so forth. The question is, **do Regions** as part of the decentralization initiative **have visions and proper budgets? What do they contribute towards the National Purse or budget?** What direction and vision do Governors and their Regional Government offer towards the national agenda? How do they develop the regions if 80% of money intended to uplift the people is returned to treasury?

I would suggest that **Governors and their Regional Governments must draw up proper budgets** including projected revenue and expenditure, regional objectives including short, medium and long term objectives to **be presented to this August House or the National Council.** **Non-performing Governors should be recalled** because they are undemocratically appointed by the Head of State and **should not be rewarded with fishing quotas** or a seat in the Central Committee **as a reward for doing nothing.** Governors and their team **should be held accountable** for watching **Local Authorities demolish poor Namibian Citizen's homes** or overseeing regional governments that return money to treasury due to infighting or laziness or lack of visionary leadership. **Careless leadership** at all levels including Local Authorities, Regional and National Government is **proving costly and things could get worse if not corrected.** We cannot talk of **poverty eradication if we tear down our own people's homes or send back over N\$ 800 million to treasury** as reported by The Namibian in 2016 because of lack of project implementation. This is what I mean by **careless leadership.** N\$ 800 million is the

budget of a ministry. How can this much money be returned while we fail to provide serviced land and as a result demolish our own people's homes? **Careless leadership as I said could prove costly** in form of lawsuits such as the recent **demolition of homes in Katima Mulilo** and not forgetting the **high treason case** which has become a cancer. A trial that proved **costly due to its magnitude and length** and as reported in The Namibian in 2015, **it had turned into a burden for Namibia's legal system** both financially and the ability to uphold the rights enshrined in the Constitution.

In conclusion, I repeat the call I made last year that even as we debate this Fiscal Budget for 2018/19 **it is most important that we begin engaging in national dialogue** facilitated by the Ministry of Finance and look into **diversification of revenue generating activities beyond just tax collection** and export of primary resources. With **over 95% of Government revenue generated from taxes** see page 34 of the Budget Statement and more than **N\$19 billion expected from taxes on international trade**, this is a recipe for disaster and is a **security risk**. Why do I say so? When one looks at the revenues

generated from taxes, over N\$ 19 billion is expected from international trade out of over \$53 billion tax revenue. This is like making plans for your house in the hope that the neighbour will have something to spare from their fields and share with you instead of ploughing your own fields.

There is an American proverb that says, **“If you don’t have a plan for yourself, you’ll be part of someone else’s plan.”** Namibia cannot afford to continue being exposed to economic “headwinds” generated in the international market because we are only consumers of secondary or finished goods and exporters of primary goods, **it is time we invest in secondary and tertiary goods so that we can decide our own future and plan our own destiny.** With these contributions thank you Hon. Speaker and Honourable Members of this August House, I support the Bill.

I thank you